



## DEPOSIT BROKERS' INSURANCE GUIDE - OVERVIEW

Custodial deposits held in the name of a Broker on behalf of their investors and deposited in an FDIC insured financial institution are covered by federal deposit insurance, the same as if the funds had been deposited directly by the broker's clients in the same institution. Therefore, Federal Deposit Insurance coverage applies to each of the broker's clients (pass-through insurance coverage), up to the deposit insurance limit. However, in order to analyze ownership interest and provide pass-through insurance coverage, the FDIC requires the broker who opened the deposit account to provide ownership information after an insured financial institution fails.

The procedures for deposit brokers to provide fund ownership information to the FDIC are described under ***Deposit Broker Processing Guide*** (the Processing Guide) which can be accessed through the link at the bottom of this page. You should also refer to the FDIC Failed Financial Institution web page at <http://www.fdic.gov/bank/individual/failed/index.html>. This site will contain information about a specific bank that has failed.

Deposit brokers should review the *Processing Guide* information and follow the instructions to ensure smooth pass-through deposit insurance coverage; processing and payment. During this review, the broker should keep in mind the following key information:

1. The deposit account balance is set as of the date the institution is closed. Therefore, it is important that deposit brokers notify any sub-tier broker(s) and cease all trades related to deposits at the failed institution.
2. All fund ownership information packages submitted by deposit brokers to the FDIC will be dated and time-stamped upon receipt.

The order-received process may affect brokers who may have one or various clients in common and who have deposited their common clients' funds in the same failed institution. The FDIC will allocate insurance coverage to broker's clients funds included in the **completed brokers' information package** submitted first. Therefore, common clients' funds included in a subsequently submitted broker information package will be subject to the deposit insurance coverage afforded to the first processed package.

3. **The FDIC will withhold payment on any deposit account until all owners of funds have been identified and until all FDIC required documentation is submitted. The completed information packages will be processed in the order they are received by the FDIC provided all required documentation is included. Incomplete packages will be set aside pending receipt of the missing information.**

The FDIC is interested in receiving comments and recommendations that may improve the process of distributing insured deposits to deposit brokers, and comments and suggestions about this web site. Please send your comments and questions via e-mail to the Claims Department at [bdclaims@fdic.gov](mailto:bdclaims@fdic.gov).

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